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18 MAR 1975

OMB

Mr. James M. Frey
Deputy Associate Director
International Affairs Division
Office of Management and Budget
Washington, D. C. 20503

Dear Jim:

As you know, each year the Director, OMB, addresses a letter to the Chairmen of the House and Senate Appropriations Committees identifying the appropriations requests for the Central Intelligence Agency. When these letters were delivered this year I understand that a member of one of the Committee Staffs raised a question about the meaning and implication of the language which says: "In accordance with existing understandings, these funds will be considered to be available to the Central Intelligence Agency until expended, subject to established procedures for review and control."

To reflect more accurately the intent of that language, which has been included in these letters to Congress without change since the mid-1960's, I would like to suggest that in future years the following language be substituted for the second paragraph of the OMB letter: "If approved, the funds will be transferred to the CIA pursuant to provisions under 50 U.S.C. 403f and will be expended in accordance with applicable provisions of law, including, but not limited to, 50 U.S.C.A. 403, as amended, and 50 U.S.C.A. 403a-j, as amended. The amounts indicated to be spent for regular operations shall be treated in a manner similar to annual appropriations. Uncoligated funds not required for regular operations shall periodically be placed in the Contingency Reserve and shall be treated as no-year funds while in the Reserve. However, when funds are withdrawn from the Reserve, they shall be treated in a manner similar to annual appropriations for the year in which the withdrawal occurs. Withdrawals from this Reserve will be

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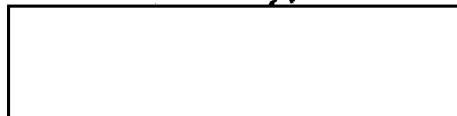
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accomplished by a request from the CIA and must be approved by the Office of Management and Budget. The CIA will notify you as soon as practicable of each such Reserve withdrawal after approval by the Office of Management and Budget."

If you agree with this language, I propose that we show it to our House and Senate Appropriations Committee staffers now, explaining that it will become a part of future letters to them.

Sincerely,



John D. Iams
Comptroller

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4. (Unclassified - LLM) Met with Representative Carroll Hubbard (D., Ky.), President of the 94th Democratic Club, and reviewed the arrangements for the breakfast/briefing at Headquarters on 18 March and he had no specific suggestions. I told him we appreciate the assistance of his fine office staff in this endeavor and are hoping that the session will be truly beneficial both for the members and the Agency representatives who will be in attendance.

I also reviewed with Carol Hanson, of the Representative's staff, the status of acceptances which now stands at 14. She said most who could not attend on the 18th were picking up our invitation for a subsequent breakfast/briefing. She will be making a survey of the offices who have not responded and will be in touch with us on the results.

5. (Internal Use Only - LLM) In response to his recently expressed interest, provided Dave Keaney, Senate Foreign Relations Committee staff, the 5 March Law of the Seas publication on Morocco.

6. (Confidential - LLM) In the absence of the Representative, met with Roger Lewis, in the office of Representative Morris K. Udall (D., Ariz.), and told him of the changes underway at [redacted] and that the new tenants apparently were going to retain most, if not all, of the employees. Lewis appreciated our interest in apprising Mr. Udall of this development [redacted]

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7. (Unclassified - LLM) In response to Jim Oliver's, OMB, request, I identified the resolutions establishing the two Select Committees.

8. (Unclassified - JMD) In response to his request, confirmed with Richard Moose, Senate Foreign Relations Committee staff, arrangements for [redacted] NIO/SEA, to brief Senator Dick Clark on Monday, 17 March at 1:00 p.m. on the subject of Vietnam and Cambodia.

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